

Friday, November 21, 2003

For background only/Not for attribution

## **H.R. 3558 - Wireless 411 Privacy Act**

### **Background Information from Congressman Joe Pitts**



[www.house.gov/pitts](http://www.house.gov/pitts)  
202 225-2411

### **BACKGROUND**

About 150 million Americans subscribe to wireless telephone service. Consumers rely on wireless service to stay in touch with friends, family, and the workplace. Recent press reports confirm that the wireless phone industry is planning to list customers in a wireless phone directory sometime next year. The industry has stated that they do not plan to publish this list online or in a phonebook, but rather plan to restrict service to "411" directory assistance similar to that available to wireline service.

### **PROBLEM**

Wireless users value the privacy of their wireless numbers and want to control access to their mobile phones. Most wireless phone users prefer to keep their wireless numbers private, and only offer that number to family, close friends, and colleagues they know well and trust. Recent polls show that consumers do not want their wireless phone numbers available to anyone who wants to contact them. Wireless users pay for their incoming (and outgoing) calls and should not be charged for unwanted incoming calls. Consumers also prefer to not have to pay to be unlisted.

To date, the industry has been unclear on how they will address these valid concerns when they move forward with this plan. In all likelihood, plans will vary from carrier to carrier. Most consumers do not realize a cell phone directory assistance may soon be a reality.

### **H.R. 3558**

The Wireless 411 Consumer Privacy Act, simply states that -

#### Opt In for Existing Users

Wireless carriers must have clear preauthorization from all existing wireless users before including the user's name and phone number in the Wireless Directory Assistance database.

#### Opt Out for New Users

At the time of entering into an agreement with wireless users, wireless carriers must allow all new users a clear conspicuous mechanism to decline to participate in the Wireless Directory Assistance database.

#### No fees for being unlisted

No fees can be charged to consumers for being unlisted in the database.

# Bill Aims to Protect Phone Numbers of Wireless Customers

*Users Would Need to Opt In to Directory*

By GRIFF WITTE  
Washington Post Staff Writer

Two House members yesterday introduced legislation designed to protect the privacy of consumers who do not want their wireless numbers included in a new nationwide directory-assistance system.

The system, initiated by the wireless carriers' trade group, the Cellular Telecommunications and Internet Association, would allow people to call 411 and connect to mobile phones, not just phones that plug into a wall. The CTIA plans to roll out the program next year, arguing that a wireless database is necessary for customers who "cut the cord" and want to feel confident that anyone who needs to reach them, can.

But consumer groups have expressed concern that the database could open the way to unwanted calls on mobile phones, which many people regard as a last bastion of privacy in a world of telemarketing, spam and junk mail.

Yesterday's legislation, introduced by Rep. Joseph R. Pitts (R-Pa.) and Rep. Edward J. Markey (D-Mass.), would prevent cell phone carriers from including an existing customer's wireless number in the new database unless the customer actively assents, or opts in. New customers would be given the chance to opt out of the program, and the companies would be prohibited from charging customers a fee if they prefer to stay listed.

"Out of 150 million Americans



**Reps. Joseph R. Pitts, left, and Edward J. Markey introduced a bill to require carriers to get customers' consent for inclusion in a directory.**

that subscribe to wireless, most of them consider that a private number," Pitts said. "I don't want the world to know my cell phone number."

Pitts said he and Markey introduced the legislation because they could not get detailed information from the cell phone carriers on what privacy protections would be built into the wireless database. The legislation, he said, provides "a benchmark to let the industry know what we would prefer."

But the CTIA questioned whether the legislation is necessary, asserting that the carriers have already made their customers' privacy a priority.

"Why now? Wireless directory assistance is still on the drawing

board," Steve Largent, president and chief executive of the CTIA, said in a statement. "We are working aggressively to include strong consumer privacy protections as we continue to define a wireless directory assistance offering."

The legislation, if passed, could cut down on the usefulness of the service because fewer numbers would be listed, according to Kathleen Pierz, an analyst with the Pierz Group, a research and consulting firm that specializes in directory assistance. But she said the program could still work if carriers succeed in convincing customers that the benefits of allowing their numbers to be included in the database outweigh the drawbacks.

If the CTIA goes ahead with its plans, it would have to do so without the participation of the nation's largest cell phone carrier, Verizon Wireless. The company dropped out of the database effort because it did not see "a pressing need" for the service, according to spokesman John Johnson.

Research by San Francisco-based Zelos Group Inc. has shown that the cell phone carriers could stand to gain \$3 billion in user fees and additional minutes if wireless numbers are included in directory assistance.

Air France, KLM to unite under one company. Page 2.

Amid probe, mutual fund suspends 2 workers. Page 7.

# Business

SECTION

C

WEDNESDAY, OCTOBER 1, 2003

B

The Philadelphia Inquirer

WWW.PHILLY.COM

Most Active Local Stock

Comcast \$30.82 Down 4 cents, 0.13%

Dow Jones Industrials

9,275.06 Down 105.18, 1.12%

Nasdaq Composite

1,786.94 Down 37.62, 2.06%

Standard & Poor's 500

995.97 Down 10.61, 1.05%

10-Year Treasury Note

3.94% yield Down 0.13

\$1 =

0.8585 Euro (\$ Down 0.0044)

111.42 Yen (\$ Up 0.51)

WWW.PHILLY.COM

## Directory would make it easy to find cell-phone users

A single call would do it under a plan that could take effect next year. It is not clear what it would cost users to opt out.

By Akweli Parker  
INQUIRER STAFF WRITER

Citing an increasing number of people who have ditched their landline phones, the cell-phone industry is angling to list customers in a cell-phone directory.

The directory, to be made available only to directory-assistance operators, would let just about anyone

customers or old friends to be able to find them on the go.

There are about 150 million cell-phone subscribers in the United States, according to the Cellular Telecommunications & Internet Association, the trade group.

"There had been consumer requests as more consumers cut the cord and went wireless only," said Travis Larson, spokesman for the group.

But what about people who prefer to keep their cell-phone numbers off-limits to the general public?

That question worries U.S. Rep. Joe

Pitts, a Republican from Lancaster who, along with other members of a House consumer and commerce subcommittee, has been grilling cell-phone industry officials about the proposed directory's effect.

"I'm concerned about this directory," Pitts said. "I'm a consumer, too. I don't want my phone number put on a list for the world to see. When you get a call on your cell phone, you expect it to be important."

Fear not, says the cell-phone group, which sought to ease legislators' wor-

ries in a letter last month that said in part:

• Consumers will have to give their consent to be listed. Industry public relations have suggested that an unlisted number may cost extra, however; the trade group and individual companies would not say how much or how often.

• Access to the database will be jealously guarded from telemarketers and the database will include "phantom listings" to catch violators.

See WIRELESS on C7



# Directory would list cell-phone numbers

**WIRELESS** from C1

- The list will not be available to anyone except directory-assistance companies; there will be no wireless "white pages." Telemarketers could ask to be connected directly to you but presumably would not be able to blanket legions of cell-phone users with computerized calls.

"The wireless industry has always made an effort to protect consumer privacy and will continue with that tradition," Larson said.

Next month, the wireless industry will roll out a decidedly pro-consumer feature, giving customers the ability to keep their phone numbers when they switch providers. The cost and complexity of that effort means it might be a year before the wireless directory is in place, Larson said.

Pitts said discussions between legislators and the trade group had left some questions unanswered, such as fees that could be levied for opting out of the directory.

"I would hope we could avoid legislation," Pitts said, though it remains an option. "I would hope the industry could address our concerns on its own. ... I would rather they solve it."

Major cellular carriers Verizon Wireless, AT&T Wireless, Cingular and Sprint PCS referred questions about the directory to the trade group.

Most cell-phone users prefer to keep their numbers private, said Alan F. Westin, founder of the Privacy & American Busi-

ness think tank and publisher of its newsletter.

In a survey last year that Westin helped put together, only 16 percent of respondents were concerned that their wireless-phone numbers could not be found by people who wanted to find them. For 65 percent of the respondents, the lack of such a directory was of no concern.

Users' having to pay not to be listed is "not a consumer-friendly approach," Westin said.

The survey, conducted on behalf of a directory-assistance provider, identified some circumstances that might warm consumers to such a directory, including that their numbers would never be sold to telemarketers and that recipients could screen callers.

Nonetheless, Westin said, "I don't see, from our survey, that people are hungering for a national cell-phone directory. I don't think people view their mobile phone as something they want to have in a directory."

Westin added that with the brouhaha over the national do-not-call landline telephone list, consumers' sensitivity to privacy issues is particularly high.

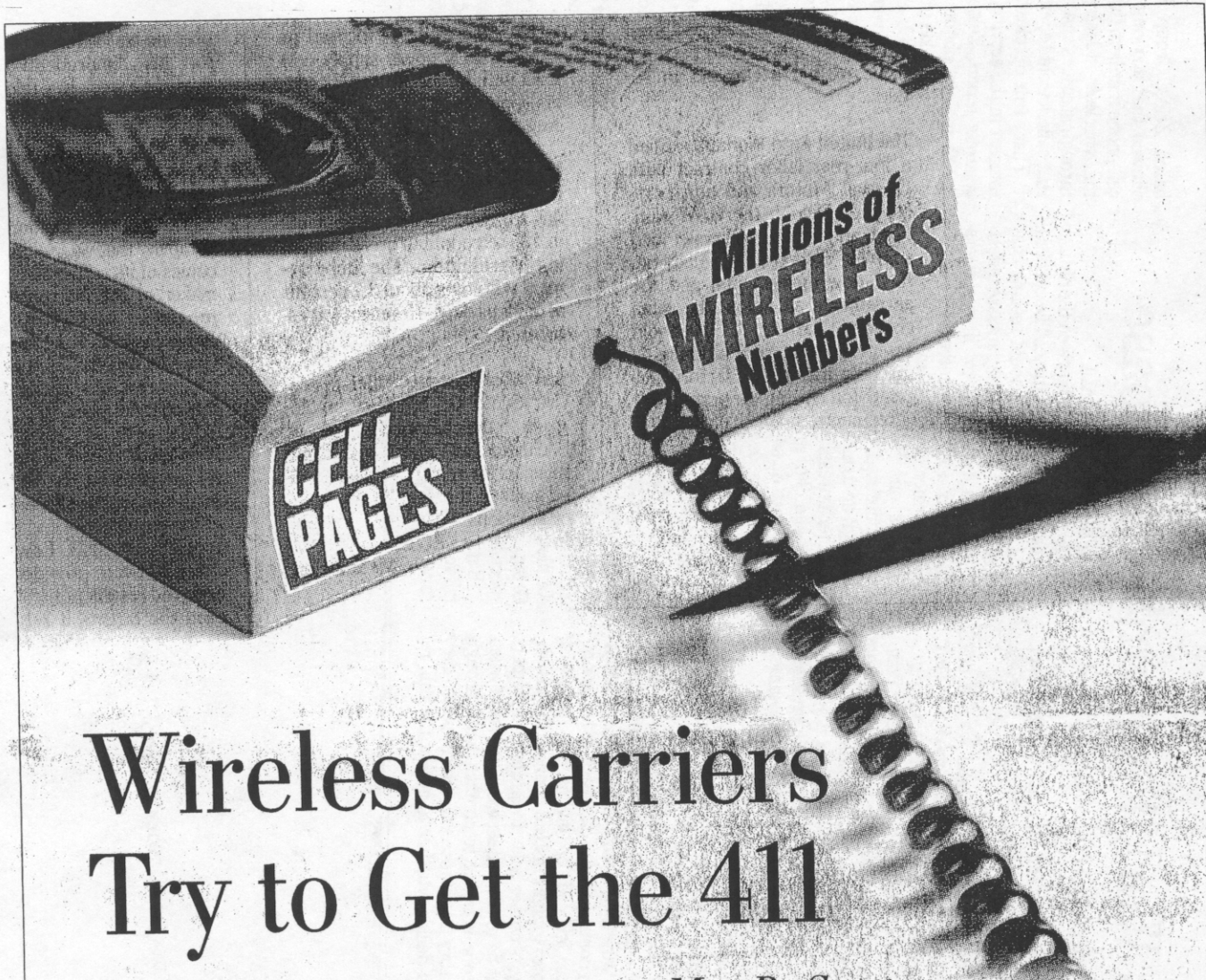
"Cell-phone usage came along after the big fights about mail, e-mail and telephone spam," he said. "You'd think the industry would have learned those lessons."

Contact staff writer Akweli Parker at 215-854-5986 or [aparker@phillynews.com](mailto:aparker@phillynews.com).



# BUSINESS

TUESDAY, OCTOBER 7, 2003



## Wireless Carriers Try to Get the 411

*Reception to Cell-Phone Directory May Be Spotty*

By GRIFF WITTE  
Washington Post Staff Writer

**411.** Online directories. The plain old phone book. There are lots of ways to find out someone's number if that person's phone happens to be tied to a traditional land line. But if you need to reach someone on a cell phone and you've misplaced the digits, you're out of luck.

Starting next year, that may change.

In an initiative that is testing the balance between convenience and privacy, the nation's major wireless carriers are teaming up to put together a directory of wireless phone numbers that would allow customers to call 411 and connect to mobile phones, not just phones that plug into a wall.

For the carriers, it's a chance to make people more comfortable "cutting the cord"—using wireless phones as their

primary phones, content in the knowledge that people who need to reach them can. It's also an opportunity for the cellular companies to tap into what could be a multibillion-dollar listing business.

But at the same time, the carriers risk alienating their customers, many of whom worry that a central database of cell-phone numbers has the potential to spoil their one oasis from spam, junk mail and telemarketers.

"It's the last bastion of privacy, the cell phone," said Frank Kenney, a 57-year-old D.C. resident who uses his wireless phone only for emergencies and would like to keep it that way. Kenney said he fears that a database would allow people he doesn't know to bother him on his cell phone. "I'd resent that, just like I resent it with the regular phones," he said.

See **WIRELESS**, E5, Col. 2

# Cell-Phone Carriers Work for Number Database

WIRELESS, From E1

Kenney is not the only one who's concerned. Several members of Congress have recently raised questions about exactly how consumers would be protected if a wireless directory assistance program were initiated. "I don't want my phone number put on a list somewhere for the world to see," said Rep. Joseph R. Pitts (R-Pa.), who is gathering support for hearings on the matter. "Privacy of cell phones is extremely important."

The trade group spearheading the effort, the Cellular Telecommunications and Internet Association, maintains that no directory assistance program will be launched without multiple safeguards to ensure that the nation's 150 million wireless customers aren't deluged with unwanted calls.

"The industry has been protective of consumers' privacy. And we do that because it's good for business," said Travis Larson, spokesman for the CTIA. "If customers get calls they don't want, they'll probably turn off their phones."

In a letter to Pitts and four other members of Congress in August, CTIA president and chief executive Thomas E. Wheeler wrote that concerns that telemarketers will abuse

the wireless-number database are "groundless."

"The privacy and integrity of the master database is of great importance to wireless carriers," he wrote.

It's not hard to understand why. A cell phone that's plagued by unwanted calls isn't a product that consumers are likely to keep.

"If you started to have unsolicited commercial calls on cell phones, that disruption would be even more of a constant problem than on your land line because it's always with you," said Susan Grant, vice president for public policy at the National Consumers League.

In addition, with cell phones, the recipient of a call shares the burden of paying along with the caller, she said.

To be sure the wireless 411 program doesn't backfire, the carriers are contemplating a variety of mechanisms to keep customers in control of who can reach them. For instance, instead of giving out numbers, operators might instead connect the call directly. Another way to protect customers might be to send them a text message when someone is trying to contact them through directory assistance, at which point they could decide whether to accept the call, re-

ject it or send it to voice mail.

Finally, customers will be given the option to not be listed in the database. The carriers are still deciding if they should assume customers want to be part of the database unless they indicate otherwise or if customers should have to actively volunteer to be listed.

In the former case, customers might find themselves on the list without knowing they've consented. In the latter, not enough might sign up to make the service useful.

Another unresolved issue is whether customers who choose to remain unlisted will have to pay to do so, as is the case with landline phones. Larson said that decision will be left up to the individual carriers.

Wireless directory assistance should be available next year, Larson said. Before that can happen, however, all the major carriers have to agree on how the service will work, which hasn't been easy given the competition in the industry. "There has been some significant friction and dissension," said Kathleen Pierz, an analyst with the Pierz Group, a research and consulting firm that specializes in directory assistance.

But she said wireless 411 could be a windfall for all the carriers, if they do it right. A survey conducted by the San Francisco-

based Zelos Group Inc. consulting firm showed that allowing customers to access cell-phone numbers through 411 could bring the wireless industry \$3 billion a year through user fees and the additional minutes that callers would spend on the network.

That's true despite the fact that consumer interest in the service is tepid at best. For a separate report, Zelos surveyed more than 1,200 mobile phone users, and approximately half said keeping their numbers unlisted was their top choice. Fewer than 10 percent said they wanted to see their cell numbers listed in the same way as their business or residential numbers. A larger percentage approved of listing if they could control who had access to the numbers.

The survey showed one major bright spot for the industry: "If you do this right, there's high interest among younger users," said Mark Plakias, a Zelos Group senior analyst.

Juanita Cooksey, 18, of Woodbridge, is a case in point. She welcomes wireless 411 and would use it to get in touch with friends when she knows their home numbers but not their mobile numbers. "We need that," she said.

Cooksey said the extra convenience the service would bring outweighs any irritation from getting an unwanted call every now and then: "If it's somebody I don't know, I'd just say, 'You've got the wrong number.'"